

April 25, 2012

VIA ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: *Notice of Ex Parte Presentation - Payphone Dial-Around Compensation*
(WC Docket No. 11-141)

Dear Ms. Dortch:

On April 23, 2012, the American PrePaid Phonecall Association (“APPPA”) met with staff from the Wireline Competition Bureau’s Competition Policy Division (“CPD”) to discuss issues related to payphone dial-around compensation, including the pending petition of GCB Communications, Inc. d/b/a Pacific Communications and Lake Country Communications, Inc. (“GCB”).¹ In the meeting, APPPA was represented by Gene Retske, its Executive Director; Avrom Forman, Vice President External Affairs of Vivaro Corporation dba STi Prepaid (representing the Chair of APPPA’s Board, Gustavo de la Garza, CEO of Vivaro/STi); Pete Pattullo, Vice Chair of APPPA’s Board and CEO of Network Enhanced Telecom, LLP (“NetworkIP”); and undersigned counsel to NetworkIP.² CPD staff present were William Dever, Deputy Chief; Denise Coca; and Michele Levy Berlove.

APPPA’s presentation in the meeting followed the attached slides, which were distributed to the meeting attendees. APPPA argued that, under the current rules, Completing Carriers’ obligation to pay per-call compensation is triggered by the transmission of payphone-specific Flex/ANI coding digits. APPPA emphasized the importance for prepaid providers of receiving real-time information when calls will be subject to per-call payphone compensation, because prepaid calling products are debited in real time, and prepaid providers have no opportunity to

¹ *Wireline Competition Bureau Seeks Comment on Petition to Clarify Payphone Service Providers’ Responsibilities With Respect to the Transmission of Payphone-Specific Coding Digits*, WC Docket No. 11-141, Public Notice, 26 FCC Rcd 11916 (2011).

² Messrs. Retski, Forman, and Pattullo attended by teleconference.

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recover payphone compensation charges in arrears. In the absence of clarification that the current rules are keyed to the Completing Carriers' receipt of Flex/ANI digits (unless the parties have agreed to an alternative arrangement), APPPA believes it is likely that its members will see no option but to exercise their right to refuse to accept calls originating on payphones – an outcome that would be detrimental to the public and contrary to the Commission's goals.

APPPA also indicated its openness to the prospective use of other potential systems to identify calls that are subject to per-call payphone compensation, such as a centralized database of payphone ANIs maintained by a trustworthy administrator. CPD staff noted that such an approach could be agreed to by payphone service providers ("PSPs") and Completing Carriers as an "alternative compensation arrangement" under the current rules. APPPA urges the Commission to clarify prospectively that the use of an ANI database to identify in real time calls that are subject to per-call payphone compensation would be a reasonable alternative compensation arrangement under section 64.1310(a).³

In the meeting, CPD staff requested that APPPA provide additional information regarding the material on the last slide in the attached deck. Specifically, CPD requested that APPPA provide the relative prevalence of each of the failure types listed on the slide, as well as additional information regarding failures resulting from SIP or ISDN interconnections. APPPA member NetworkIP provides the following information in response to these questions:

The information on the slide reflects a specific collaboration between NetworkIP and the APCC between March 2009 and May 2010. During this period, NetworkIP and the APCC worked jointly together to isolate and resolve Flex/ANI issues involving payphone-originated prepaid calls carried by any prepaid service provider using NetworkIP's platform. Problems were found in each of the areas identified on Slide 11 except for SIP or ISDN. NetworkIP's team identified 20 failures to deliver Flex/ANI digits that resulted in the majority of the impact in terms of the total call volume in the sample. Of these 20 failures:

- 1) One case involved a LEC end office that had just installed a new software load and was not configured properly to support Flex/ANI.*
- 2) The remaining cases resulted from LEC failure to deliver proper Flex/ANI digits to facilities-based IXCs that could have resulted from error by either the LEC or the facilities-based IXC. For example, where a facilities-based IXC placed an order with a LEC to move or add circuits, either the IXC's order did not request Flex/ANI, or the LEC did not process the order correctly. There was no way to isolate the specific root cause in each instance, but it was the team's conclusion that the change/order process between LECs and facilities-based IXCs was not optimized to ensure FLEX/ANI was configured correctly.. It appears that, under the current*

³ 47 C.F.R. § 64.1310(a).

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*rules, it would be a best practice for LECs and facilities-based IXC's to provision the transfer of Flex/ANI as a **default** for all switched circuits.*

NetworkIP believes that Flex/ANI errors involving SIP and ISDN interconnection are potentially common given there is no definitive industry standards for mapping conversions between SS7 and SIP protocols. However, in the 2009-2010 NetworkIP-APCC testing discussed in the slides, there were no failures resulting from SIP/ISDN interconnection, because NetworkIP had previously identified and ensured interoperability with the IXC's to which it was connected.

This letter is filed consistent with the Commission's ex parte rules.

Sincerely,

/s/

L. Charles Keller

Attachment

cc (electronic, w/ attachment):
William Dever
Michele Levy Berlove
Denise Coca

APPPA

American PrePaid Phonecall Association

American PrePaid PhoneCall Association (APPPA)

Payphone Dial-Around Compensation Issue

WC docket No.11-141



About

- Founded January 12, 2012 in DC
- Founding members – 12 – control over 50% of US prepaid phone Call market (**Domestic and International Long Distance**)
- Chairman – Gustavo de la Garza (CEO Vivaro)
- Vice Chair – Pete Pattullo (CEO NetworkIP)
- Executive Director – Gene Retske (former editor of *The Prepaid Press*)



Mission

To promote high value prepaid telephone services to consumers; protect the industry's interests, good name and public trust; provide best practices, a unified industry voice and networking opportunities for members.



Why is APPPA here ?

- Believe payphones remain useful for a segment of the public, and support a predictable, workable and fair compensation system for PSPs
- Prepaid providers have particular interest in *immediate* billing information because prepaid calling products are debited in real time
- Propose a potential solution moving forward



The Current System

- GCB is wrong on the law. AT&T and Sprint are correct that, under current law, transmission of Flex/ANI digits triggers per-call compensation obligation
 - The April 1998 Waiver Order makes this clear
 - Any contrary conclusion could be prospective only
- There are several reoccurring inherent failure points for Flex/ANI
- Completing carriers need Flex/ANI to exercise right to block payphone-originated calls



Potential reforms

- Prepaid Calling Card and LD industry must know in real-time which calls are subject to per-call payphone compensation, because we “bill” **consumers** immediately.
- APPPA is open to alternative ideas for ensuring compensation to payphone providers, including a payphone ANI database maintained by an FCC-designated third-party administrator.
- Raising the rate will have cascading negative impact



Update and Review:

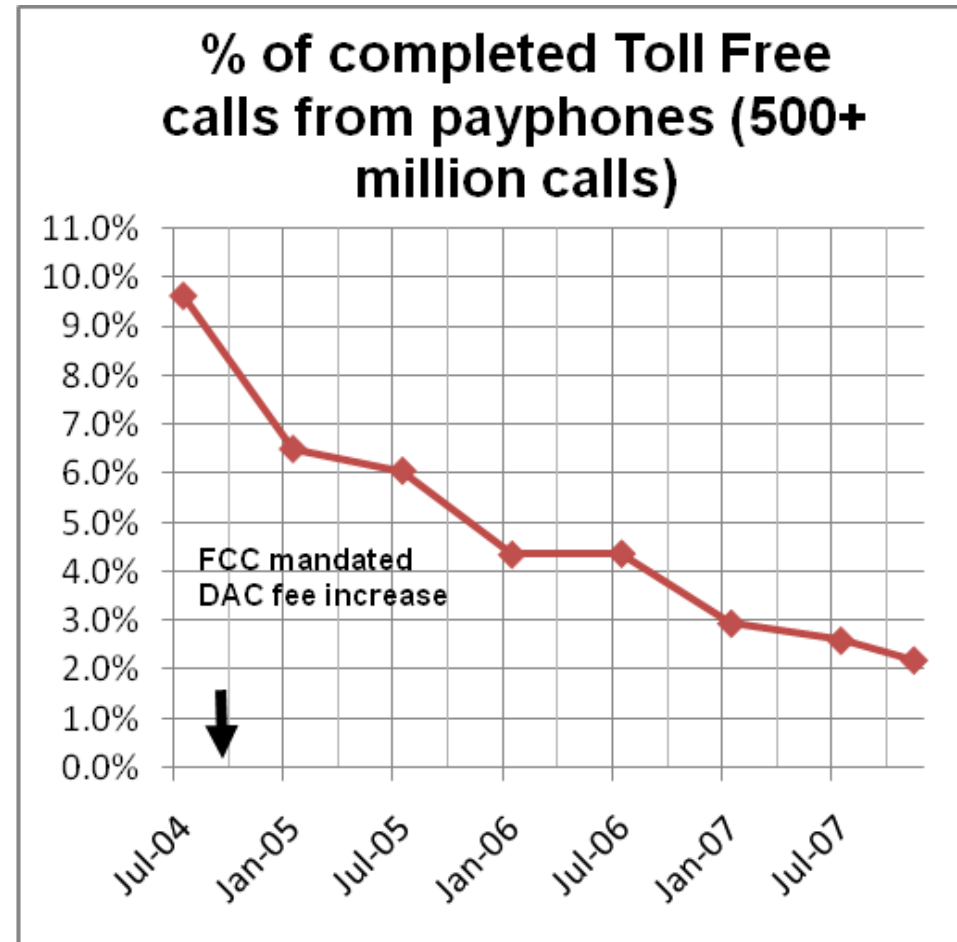
Payphone Dial-Around Compensation Process Workshop (July 2010)

Presented by APPPA member NetworkIP



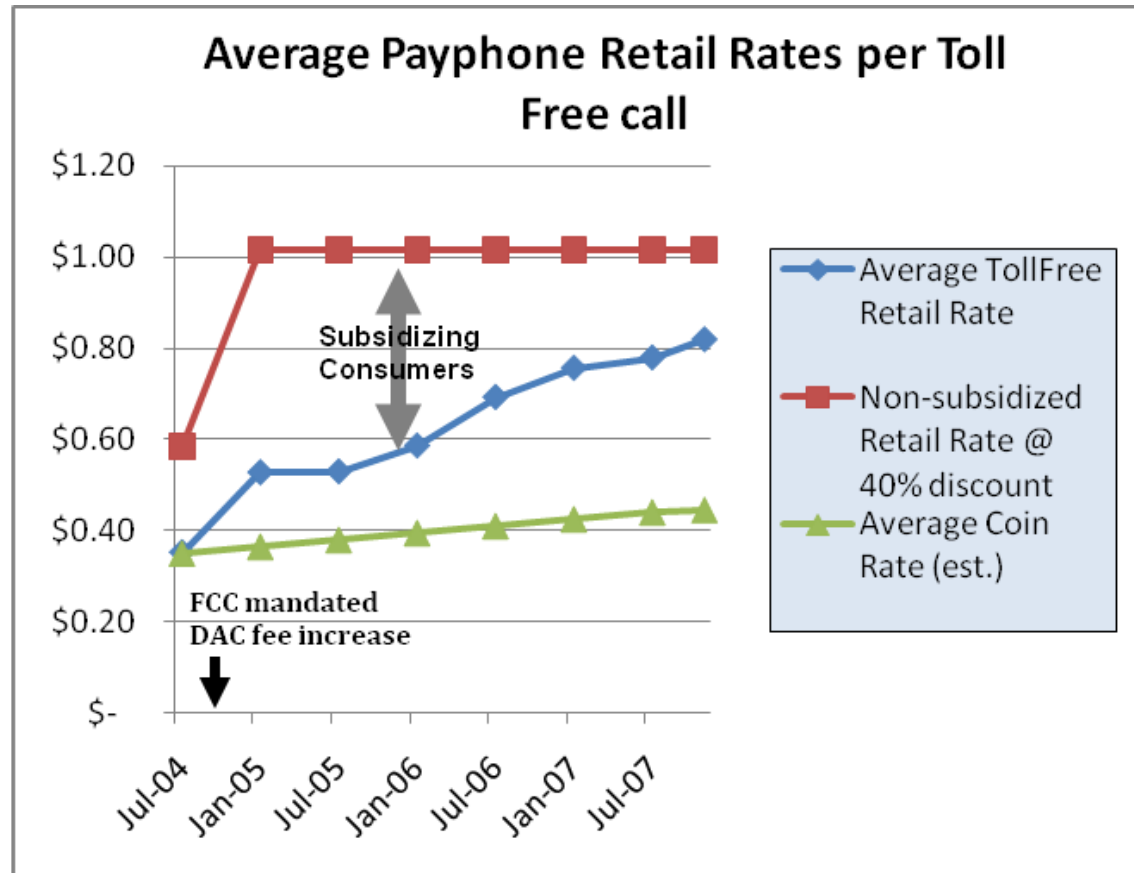
Consumer Utilization

**1.1% of completed calls
(March 2012)**

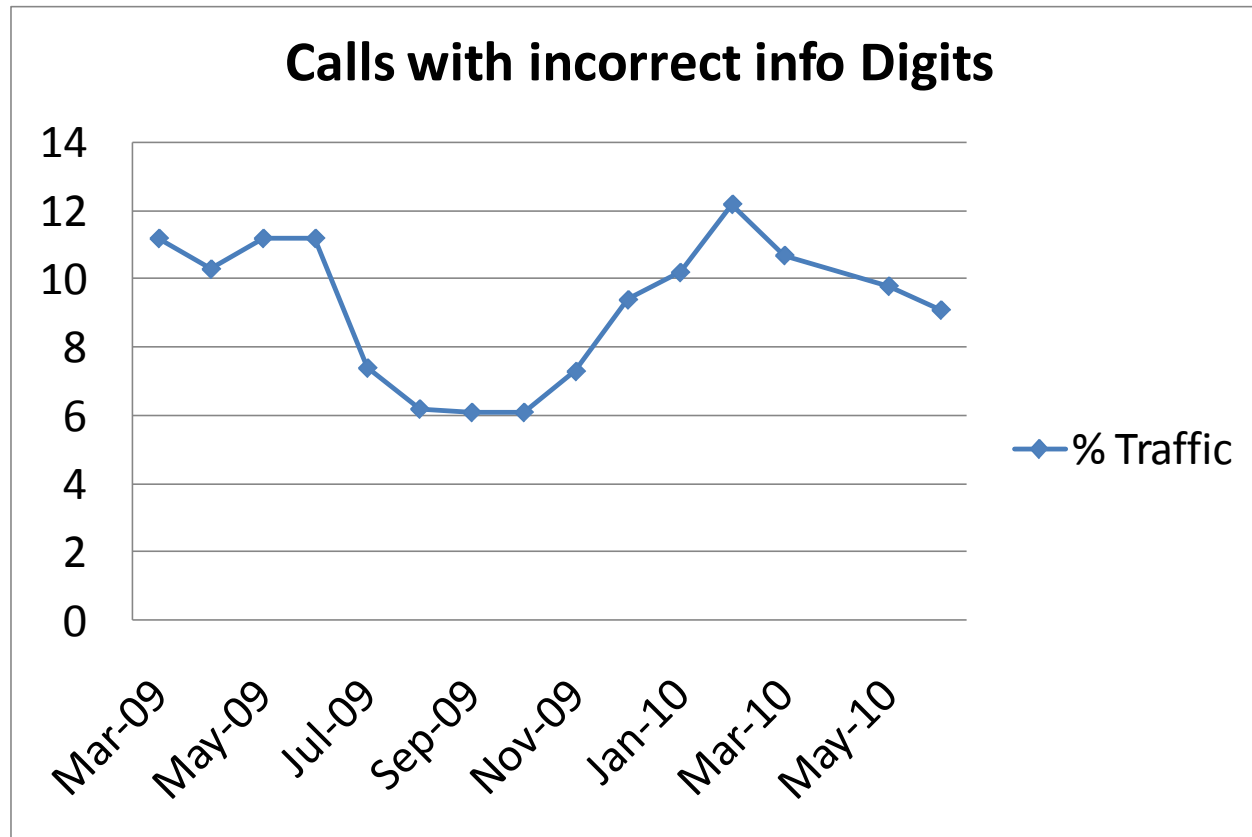


Consumer Value

Consumers pay **\$1.09** per completed Toll-free call (March 2012)



A member spent over a year trying to fix Flex/ANI with APCC



Problem Points Identified

- Local payphone line ordered incorrectly
- Local LEC needs to have line setup as payphone
- Local LEC needs to have switch software enabled for Flex ANI
- Local LEC trunk group setup for Flex ANI
- IXC needed to order and configure Flex ANI
- Service providers having problems if the interconnections are SIP or ISDN.

